

Message Text

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ACTION PM-07

INFO OCT-01 ARA-16 ISO-00 SS-20 SPC-03 L-03 NSC-10 MC-02

CIAE-00 INR-10 NSAE-00 RSC-01 IGA-02 AID-20 OMB-01

TRSE-00 EB-11 COME-00 DRC-01 /108 W

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R 142119Z NOV 73

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9166

USCINCSO QUARRY HTS CZ

OSD/ISA WASHDC

C O N F I D E N T I A L QUITO 5896

E.O. 11652: GDS

TAGS: MASS, EC, US

SUBJECT: T-33 AIRCRAFT FOR ECUADOR

SUMMARY: IN A SERIES OF MESSAGES SINCE JUNE 1973, USDAO QUITO HAS REPORTED THE INTEREST OF THE GOE IN BUYING T-33'S AND OVERHAULING THEIR EXISTING T-33 INVENTORY. WHILE WE ARE AWARE OF THE PROBABLE LEGAL IMPEDIMENTS TO THESE TRANSACTIONS AT THIS TIME, WE BELIEVE IT TIMELY TO REVIEW THE RATIONALE FOR THEM AND TO RESTATE THE EMBASSY'S STRONG ENDORSEMENT THAT THEY BE APPROVED AS SOON AS CONDITIONS PERMIT. END SUMMARY.

1. IN JANUARY 1973 (A-9 OF JANUARY 16), THE EMBASSY REPORTED THE GOE PLANS FOR MAJOR ARMS PURCHASES WHICH WOULD BE POSSIBLE WITH NEW OIL REVENUES EARMARKED FOR THE ARMED FORCES. SINCE THAT TIME WE HAVE REPORTED ON THE GOE'S EXTENDED WINDOW-SHOPPING FOR MIRAGES, F-5'S, JAGUARS, AND EVEN MIG-21'S. IN JUNE OF THIS YEAR, THE ECUADOREAN AIR FORCE (FAE) INDICATED A SPECIFIC INTEREST IN OVERHAULING AND EXPANDING ITS INVENTORY OF T-33'S. THE FAE HAS CONTINUED TO PRESS ON THIS MATTER, AND IT HAS BECOME CLEAR THAT UPGRADING AND EXPANDING THEIR T-33 INVENTORY IS A PRIORITY ISSUE.

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2. AS WE UNDERSTAND FAE REASONING, THEIR PRIMARY CONCERN IS TO OBTAIN RELATIVELY CHEAP, SIMPLE AIRCRAFT TO PROVIDE THEIR PILOTS WITH SOMETHING TO FLY. WITH NONE OF THEIR EIGHT T-33'S FLYABLE, AND WITH CANBERRAS AND METEORS OPERATIONAL ONLY PART OF THE TIME, THIS LEAVES ONLY SEVEN STRIKEMASTERS PLUS TAME TRANSPORT AIRCRAFT AVAILABLE TO MAINTAIN PILOT PROFICIENCY OF THE 175 MAN FAE PILOT CORPS. THIS IS FURTHER RESTRICTED BY THE FACT THAT THE STRIKE-MASTERS ARE BASED AND SUPPORTED AT TAURA AND NOT EASILY ACCESSIBLE TO PILOTS STATIONED IN QUITO. FROM FAE POINT OF VIEW, UPGRADING T-33 INVENTORY IS BEST SHORT-RANGE SOLUTION TO PROBLEM OF GETTING THEIR PILOTS IN THE AIR. THEY HAVE HAD EXPERIENCE WITH T-33'S, THEY HAVE SOME MAINTENANCE CAPABILITY, AND THE AIRCRAFT COULD BE AVAILABLE MUCH MORE QUICKLY THAN ANY ALTERNATIVE.

3. IN AUGUST, THE FAE MADE A REQUEST TO PURCHASE 24 T-33'S, AND THIS APPARENTLY RAISED CONCERN THAT THE GOE WAS EMBARKING ON AN UNSUITABLY LARGE AIRCRAFT PURCHASE PROGRAM. WE BELIEVE THIS IS PROBABLY A FALSE ISSUE. THE GOE'S OWN SUPPORT CAPABILITY COULD NOT HANDLE 24 NEW PLUS 8 OVERHAULED AIRCRAFT. WE ALSO DOUBT THAT THE GOE WOULD BE INTERESTED IN ACQUIRING SO MANY T-33'S WHEN THEY FULLY UNDERSTAND THE DIFFICULTY INVOLVED IN SUPPORTING THEM BEYOND 1977.

4. WE ARE CONSTANTLY RECEIVING THE MESSAGE FROM FAE AND OTHER MILITARY OFFICERS THAT THEY WANT US AIRCRAFT, US TRAINING, AND US SUPPORT AND MAINTENANCE SYSTEMS. THEY ARE NOW IN AN INCREASINGLY GOOD POSITION TO PAY, AS THE MILITARY'S 50 PERCENT OF ALL ROYALTY OIL HAS MORE THAN DOUBLED IN VALUE OVER THE PAST YEAR. OUR RESERVOIR OF GOOD WILL WITH THE FAE IS A WASTING ASSET. AS MORE TIME ELAPSES WITHOUT US EQUIPMENT AND US TRAINING FOR FAE PILOTS, OUR INFLUENCE AND THEIR US ORIENTATION DIMINISHES. WHATEVER THE GOE MAY PURCHASE IN THE WAY OF HIGH PERFORMANCE AIRCRAFT THERE WILL REMAIN A NEED FOR AIRCRAFT SUCH AS THE T-33 FOR TRANSITION AND MAINTENANCE OF PILOT PROFICIENCY.

5. SHOULD CIRCUMSTANCES CHANGE SO THAT THE USG COULD
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APPROVE SALES COVERED BY THE FMS LAW, WE BELIEVE THE GOE WOULD MOVE PROMPTLY TO BUY US AIRCRAFT. T-33'S WOULD BE THEIR INITIAL STEP. BECAUSE US AIRCRAFT WERE NOT AVAILABLE WHEN THE GOE MADE A DECISION TO PURCHASE ATTACK PLANES, THEY HAVE NOW PURCHASED A TOTAL OF 12 STRIKEMASTERS. THIS PURCHASE PROBABLY PREEMPTS THE POSSIBILITY OF A SALE OF A-37B'S. WE BELIEVE THEY WOULD PREFER TO BUY F-5E'S FOR THEIR FIGHTER/ATTACK AIRCRAFT, IF THESE WERE AVAILABLE.

THE LONG DELIVERY TIMES FOR F-5E'S WOULD GENERATE ADDITIONAL PRESSURE FOR TRAINING/TRANSITION AIRCRAFT SUCH AS THE T-33. WE ESTIMATE THE TOTAL VALUE OF A T-33/F-5E PACKAGE COULD AMOUNT TO \$35-40 MILLION. THIS AMOUNT IS RELATIVELY MODEST COMPARED WITH THE ESTIMATED INCOME TO THE ARMED FORCES IN 1974 ALONE OF APPROXIMATELY \$45 MILLION FROM OIL ROYALTIES. THIS ROYALTY INCOME IS PAID INTO A SPECIAL ACCOUNT FOR MILITARY PURCHASES CONTROLLED BY THE NATIONAL DEFENSE COUNCIL, AND IS IN ADDITION TO REGULAR BUDGET ALLOCATION TO OPERATE ARMED FORCES.

6. GOE IS UNQUESTIONABLY GOING TO BUY TRAINER AND FIGHTER AIRCRAFT, AND THERE WILL BE PLENTY OF MONEY AVAILABLE IN SPECIALLY EARMARKED ACCOUNTS TO DO SO. IF T-33'S AND F-5E'S ARE NOT AVAILABLE, THE BUSINESS AND THE ASSOCIATED INFLUENCE WILL GO TO SOME OTHER COUNTRY. WITH THE EXCEPTION OF THE FMS RESTRICTION, US SUPPLIERS ARE IN A POSITION TO OFFER A BALANCED AIRCRAFT PACKAGE WHICH WILL MEET THE REASONABLE REQUIREMENTS OF THE GOE. AS SOON AS THE FMS IMPEDIMENT CAN BE OVERCOME, WE URGE A MAJOR EFFORT BY US AIRCRAFT SUPPLIERS TO MEET THE DESIRES OF THE GOE.

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